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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

XL SPECIALTY INSURANCE COMPANY,

Plaintiff,

v.

JOHN D. AGOGLIA, et al.,

Defendants.

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No. 08-CV-3821 (GEL)

**STIPULATION OF PARTIAL
DISCONTINUANCE WITH
PREJUDICE**

Plaintiff XL Specialty Insurance Company ("XL") and Defendant Stephen J. Grady ("Grady"), by and through their undersigned attorneys, jointly file this Stipulation of Partial Discontinuance with Prejudice.

WHEREAS, certain individuals have sought coverage under the "XL Policy" for the "Underlying Matters," as those terms are defined in the Complaint for Declaratory Judgment (the "Complaint") filed by XL on April 22, 2008;

WHEREAS, Grady has acknowledged that he has not sought nor is he presently seeking coverage under the XL Policy for the Underlying Matters or in connection with any demand, action, proceeding or investigation based upon, arising out of, or involving the facts and circumstances underlying or alleged in any of the Underlying Matters; and

WHEREAS, no party to this action is an infant, incompetent or person for whom a committee has been appointed.

NOW THEREFORE IT IS HEREBY STIPULATED AND AGREED, by and between the undersigned, who have been duly authorized by XL and Grady to enter into this Stipulation as follows:

1. Grady waives formal service of process under F.R.Civ.P. Rule 4 and acknowledges service and receipt of XL's Summons and Complaint on May 23, 2008;

2. Grady relinquishes, waives and forever releases any and all claims that he may have had, have now or have in the future for coverage or payment under either the XL Policy for the Underlying Matters or with respect to any other demand, action, proceeding or investigation based upon, arising out of, or involving the facts and circumstances underlying or alleged in any of the Underlying Matters;

3. Grady further agrees that he is not now and will not ever seek coverage or payment under the XL Policy for any demand, action, proceeding or investigation, based upon, arising out of, or involving the facts and circumstances underlying or alleged in any of the Underlying Matters;

4. Upon Court approval of this Agreement, XL's cause of action asserted in the Complaint is discontinued with prejudice as against Grady only; and

5. Each party shall bear its or his respective attorneys' fees and costs incurred in connection with this action and any other coverage litigation between the parties.

Dated: New York, New York
July 22, 2008

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Attorneys for Plaintiff
XL Specialty Insurance Company

IT SO ORDERED:

Richard E. Gale
U.S.D.J.

7/23/08